

Family Tax Planning

Key Issues

Course Description

This course provides a general overview of the key issues facing families, focusing on how federal taxation affects their current economic situation and their future plans. A wide range of topics include marital tax implications, children, education, retirement, estate planning and more. This course is designed to cover the most important topics that will have a direct impact on the financial planning for a family, today and tomorrow. The emphasis is on providing the tax practitioner with key tax solutions to help alleviate the economic concerns of most families.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels. (

CPE Credits: 24 (CPA, EA)

Category: Taxation

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

Chapter 1: Basic Marital Tax Matters

1. Determine how filing status affects taxpayers' filing requirements, standard deductions, and correct tax by:
 - a. Specifying divorce tax implications and the requirements and effects of filing as married or unmarried;
 - b. Identifying the requirements of filing a joint return and how to avoid being penalized;
 - c. Recognizing the key elements of filing separate returns including what items to report and whether or not married taxpayers should file separate returns; and

Chapter 2: Children

1. Identify the child tax credit listing the requirements for qualifying child and determine the tax treatment of earned and unearned income for children.
2. Recognize the elements of the adoption tax credit stating qualifying costs and fees, specify the tests for the Section 21 dependent care credit and identify qualifications for Section 129 dependent care assistance.

Chapter 3: Education

1. Determine the differences between qualifying Section 162 deductible and nonqualifying education and specify education expense credits under Section 25A listing covered costs and fees.
2. Identify the benefits and requirements of Section 530 education savings accounts, specify the deductible portion of student loan interest payments and determine the Section 108 exclusion for the forgiveness of certain student loans.
3. Recognize the mechanics and requirements of available educational benefits by:
 - a. Identifying the benefits of prepaying or contributing to a student's education stating how taxpayers may deduct higher education expenses;
 - b. Specifying the tax consequence of withdrawing amounts from an IRA for education expenses under Section 72(t) and the employee advantages Section 127 employer-provided educational assistance; and
 - c. Determining the differences between Section 117 tax-free scholarships payments and those that are taxable and identifying which education savings bonds qualify for the Section 135 exclusion of interest from gross income.
4. Identify educational incentives and financial aid available to students and parents.

Chapter 4: Medical, Charitable & Casualty

1. Identify deductible Section 213 medical care expenses for federal tax purposes by:
 - a. Recognizing deductible medical costs paid for spouses and dependents listing dependency requirements;
 - b. Determining the deductibility of specific medical care expenses including medical insurance premiums, costs for meals and lodging, transportation expenses, costs for cosmetic surgery, expenditures for making permanent improvements to a home and lifetime care advance payments;
 - c. Specifying the benefits of medical savings accounts showing differences such accounts have with health savings accounts, recognizing the benefits and qualifications of HSAs, and determining high deductible health plans stating how they relate to HSAs;

- d. Recognizing the mechanics of prescription drug plans and specifying what constitutes accelerated death benefits; and
 - e. Determining the deductibility of health insurance by self-employed taxpayers.
- 2. Specify variables that impact the deductibility of Section 170 charitable contributions identifying qualified organizations and limitations for these purposes naming the types of contributions that can be made, their tax treatment, and substantiation requirements.
- 3. Determine what constitutes casualty and theft, and specify the rules for taking a deduction for all or part of each loss under Section 165.

Chapter 5: Home Sales & Moving Expenses

- 1. Recognize the relationship between home sales and the capital gains rates, and specify the rate baskets created by the capital gain provisions stating how to treat capital assets in each category.
- 2. Determine the key elements of the Section 121 home sale exclusion and its application, and specify the safe harbor proration provisions associated with the home sale exclusion.
- 3. Identify whether a taxpayer meets the former distance and time tests for deductible pre-2018 moving expenses under Section 217.

Chapter 6: Home Mortgage Interest

- 1. Identify categories of mortgages and characteristics of secured debt that influence the deductibility of interest, determine what constitutes a “qualified home,” and specify special situations that affect qualified home mortgage interest.
- 2. Recognize the general rule for the tax treatment of points specifying exceptions, and identify when a taxpayer will receive a Mortgage Interest Statement – Form 1098 and which information is included on this statement to figure interest deductions.
- 3. Determine when a stock in a cooperative housing corporation owned by a tenant-stockholder is a qualified home, and identify the limits on the home mortgage deduction.

Chapter 7: Transfers Incident to Divorce

- 1. Identify forms of marital property stating their likely division in marital property settlements and specify the legal principles used in dividing assets and providing support on divorce or separation.
- 2. Recognize the benefits of premarital agreements in avoiding potential divorce problems, determine elements of the Uniform Premarital Act, and list the provisions that are allowed in such agreements.
- 3. Determine the tax consequences of various property settlements by:
 - a. Identifying the requirements of Section 1041 stating how it changed the result of U.S. v. Davis and their application to common interspousal transfers;

4. Recognize the pre-2019 deduction of alimony paid and reporting of alimony received, recognize the use of alimony trusts to realize tax advantage and security, determine alimony recapture, and identify the use of annuity contracts and the tax treatment of alimony paid by an estate.
5. Specify the tax treatment of child support noting events that determine whether a contingency is clearly child-related recalling how to rebut this presumption of child support and identify COBRA rules and qualified medical child support orders to make the most of health care coverage plans.

Chapter 9: Financial Tax Planning

1. Identify short-term financial goals and investment purposes, recognize the importance of defining realistic goals and how investing allocation changes with age.
2. Determine the tax consequences of title holding methods by:
 - a. Specifying ways to hold title to assets starting with the simplest and most direct way to hold property;
 - b. Cite the tax benefits and drawbacks of co-tenancies, corporations (both C & S), partnerships, qualified retirement plans, and trusts particularly as they relate to a client's after-tax investment return; and
 - c. Identifying a custodianship under the uniform acts and determining how an estate can be tax beneficial to taxpayers.
3. Recognize the impact of retirement planning postponement recognizing the importance of early planning using the author's suggested step process, specify a balance sheet method to plan retirement, determine how to diversify portfolios by balancing liquid and nonliquid assets, and identify the purpose of savings listing strategies to save.

Chapter 10: Building an Estate

1. Identify the goals of money management, listing types of income in order to preserve cash more effectively.
2. Determine how to budget income into cash by containing expenditures and developing discretionary income and control cash, specify how to convert income into assets by purchasing investments, and identify asset acquisition rules.
3. Recognize tax-advantage investments stating management rules, and determine the economic impact of accelerating deductions, postponing tax liability, and leveraging.

Chapter 11: Income Splitting

1. Determine how splitting income among a family group minimizes overall taxes using major income splitting formats, and recognize the use of an unincorporated business to obtain deductible business expense and the home-office deduction.

2. Identify the benefits and requirements of using a C or an S corporation specifying the taxation of these entities including their ability to split income, and determine family members in a Section 704(e) family partnership.
3. Recognize a custodianship's ability to split income and contain the former "kiddie tax," identify the use of gifts to reduce death taxes and split income, and specify how to prevent the recharacterization of a loan under Section 7872.

Chapter 12: Retirement Plans

1. Determine what constitutes nonqualified and qualified deferred compensation plans identifying their benefits and contributions limits and specify the current and deferred advantages and disadvantages of corporate plans listing fiduciary responsibilities and prohibited transactions.
2. Identify the requirements of basic forms of qualified pension plans enabling clients to compare and contrast such plans.
3. Determine the requirements of defined contribution and defined benefit retirement plans and specify the types of defined contribution plans recognizing their impact on retirement benefits.
4. Identify the differences between self-employed plans and qualified plans from other business types and owners citing key choice of entity factors.
5. Specify the requirements of IRAs, SEPs, and SIMPLEs, and recognize tax-free Roth IRA distributions listing strategies to maximize plan benefits.

Chapter 13: Distributions from Retirement Plans & IRAs

1. Identify popular ways to receive distributions from a retirement plan or an IRA, specify types of annuities and their effect on how and when participants receive payments, determine the tax on annuity payments using either the general rule or the simplified general rule and recognize lump-sum distributions and their special tax treatment.
2. Cite the key components of rollovers that can be used to reinvest cash or other assets without including the amount in income.
3. Specify the tax consequences of taking premature distributions assisting clients in avoiding the 10% penalty, and recognize the minimum distribution rules noting how to avoid the 50% penalty associated with taking either smaller distributions than required or distributions after the required beginning date for minimum distributions.

Chapter 14: Elderly & Disabled Planning

1. Identify ways to manage an incompetent person's estate specifying their uses and benefits.
2. Recognize the basic eldercare benefits of Medicare and Medicaid, specify what constitutes income and the three separate asset groups for Medicaid, determine differences and

requirements for Supplemental Security Income and Social Security disability benefits, and identify common health care decisions such as having a living will.

Chapter 15: Wills & Probate

1. Specify types of wills citing functions a will can perform, identify types of bequests, determine the duties of executors and guardians, and recall ways to hold title and their tax ramifications.
2. Identify advantages of a properly drafted will, determine the distribution flow of simple wills, and specify the pros and cons of probate proceedings.

Chapter 16: Estate Planning

1. Recognize the unlimited marital deduction and its effect on the gross estate of the value of property, determine the applicable exclusion amounts for various years of death, and specify what constitutes “stepped-up basis” and the repealed “modified carryover basis” for estate tax purposes.
2. Identify estate-planning goals, recognize the benefits and drawbacks of the primary dispositive plans, specify the various types of estate trusts and family estate documents, and recall the former advantages and disadvantages of the private annuity.